

## Message Text

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ACTION EUR-25

INFO OCT-01 IO-13 ADP-00 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 EA-11 FRB-02 INR-10 NEA-10 NSAE-00 OPIC-12

LAB-06 SIL-01 L-03 FTC-01 H-03 PRS-01 PA-03 USIA-15

RSR-01 /188 W

----- 001702

R 031720Z AUG 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 5619

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

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EO 11652 NA

TAGS: EIND, EEC, ETEL

SUB: EC DRAFT MEMORANDUM HN COMPUTER POLICY

REF: A) STATE 146948; B) USEC A-282 JULY 25, 1973

1. SUMMARY. THE LATEST AVAILABLE INFORMATION ON EC  
COMPUTER POLICY--INCLUDING THE COMMISSION STAFF'S  
WORKING PAPER--HAS BEEN REPORTED IN REF B. BECAUSE  
OF THE AUGUST VACATION PERIOD THE MISSION IS DEFERRING  
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MOST OF ITS DISCUSSIONS WITH EC COMMISSION OFFICIALS

UNTIL SEPTEMBER. WE HAVE, HOWEVER, EXPRESSED OUR CONCERNS TO FIELDING, DIRECTOR FOR NORTH AMERICAN AFFAIRS IN EXTERNAL RELATIONS, AND TO SCHLIEDER, DIRECTOR GENERAL FOR COMPETITION. ALTHOUGH SCHLIEDER EXPRESSED SOME SKEPTICISM ABOUT THE POSSIBILITY OF A "EUROPEAN" COMPUTER POLICY ON PRACTICAL GROUNDS, HE DID NOT SEE IT CONFLICTING WITH EC COMPETITION POLICY. IN ADDITION TO THE PRESENT ROUND OF APPROACHES, WE BELIEVE WASHINGTON SHOULD CONSIDER PROPOSING A BROAD US-EC INDUSTRIAL POLICY EXCHANGE IN THE FALL TO INCLUDE BUT GO BEYOND OUR CONCERNS IN THE COMPUTER FIELD. END SUMMARY.

2. THE LATEST DEVELOPMENTS ON THE EC COMPUTER POLICY AND US INDUSTRY REPRESENTATIVES' REACTIONS HAVE BEEN REPORTED IN REF B, OUR MOST RECENT WRAP-UP ON INDUSTRIAL POLICY.

3. REGARDING US CONCERNS ABOUT THE TONE AND CONTENT OF THE EC COMMISSION'S STAFF PAPER (REFTEL A), WE ARE OBLIGED TO DEFER OUR MAJOR DISCUSSIONS UNTIL THE SENIOR EC COMMISSION OFFICIALS DIRECTLY CONCERNED--NOTABLY DIRECTOR GENERAL FOR INDUSTRIAL AFFAIRS GRIERSON AND/OR HIS CLOSE ASSOCIATES--RETURN TO BRUSSELS IN SEPTEMBER. (AT PRESENT, THERE IS ONLY A SKELETON STAFF AT THE COMMISSION.)

4. MEANWHILE, HOWEVER, WE HAVE ADVISED LESLIE FIELDING, THE DIRECTOR FOR NORTH AMERICAN AFFAIRS IN THE EXTERNAL RELATIONS DIRECTORATE ( IMMEDIATELY UNDER HIJZEN) OF OUR CONCERN AND OUR INTENTION TO PURSUE THE MATTER IN SEPTEMBER. FIELDING WAS NOT FAMILIAR WITH THE MATTER BUT SAID HE WOULD LOOK INTO IT.

5. WE HAVE ALSO APPROACHED DIRECTOR GENERAL FOR COMPETITION, WILLY SCHLIEDER, THE ONE SENIOR PERSON AVAILABLE WITH SOME DIRECT RESPONSIBILITY FOR THE COMPUTER FIELD. DURING A MEETING ON AUGUST 2 THE CHARGE CONVEYED OUR VIEWS ALONG LINES OF THE POINTS CONTAINED IN REFTEL A, PARAS 5, 6,7, AND 8. SCHLIEDER DID NOT SEE THE PROPOSED COMPUTER POLICY RUNNING HEAD ON INTO THE COMMUNITY'S COMPETITION POLICY BECAUSE OF THE ALREADY POWERFUL POSITION

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OF IBM. HOWEVER, HE RECOGNIZED THAT OVER TIME THERE MIGHT BE AT LEAST A POTENTIAL CONFLICT. HE POINTED OUT THAT THE COMMISSION'S MERGER CONTROL PROPOSALS (BEING REPORTED SEPARATELY) ENVISAGE AN EXCEPTION FOR MERGER CASES "WHERE OTHER EC POLICIES ARE INDISPENSABLE TO THE ATTAINMENT OF AN OBJECTIVE GIVEN PRIORITY TREATMENT IN THE COMMON INTEREST OF THE COMMUNITY". THIS MEANT FOR SCHLIEDER THAT IN THE EVENT OF APPARENT CONFLICT, A WEIGHING OF

CONFLICTING COMMUNITY INTERESTS WOULD BE REQUIRED CASE BY CASE. ON THE OTHER HAND, SCHLIEDER ALSO SAID THE PROPOSALS WOULD TAKE A LONG TIME TO GAIN COUNCIL APPROVAL IF THE COUNCIL WILL INDEED ACCEPT THEM.

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6. ON PRACTICAL GROUNDS SCHLIEDER DID NOT BELIEVE THAT A COMMUNITY PUBLIC PROCUREMENT POLICY WOULD BE EFFECTIVE IN PROMOTING A EUROPEAN-BASED COMPUTER INDUSTRY BECAUSE IBM EQUIPMENT IS SO ADVANCED AND BECAUSE THERE WOULD BE A RELUCTANCE BY GOVERNMENTAL ORGANIZATIONS TO PURCHASE COMPUTERS WHICH ARE TECHNICALLY INFERIOR. HE STILL BE-

LIEVED THAT THE BEST WAY TO BUILD UP A COMPETITIVE  
EUROPEAN COMPUTER COMPANY WOULD BE THROUGH COLLABORATION  
WITH AN AMERICAN COMPANY OTHER THAN IBM. WHEN ASKED IF  
SUCH COLLABORATION WAS ENVISAGED BY THE COMMISSION, HE SAID  
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THAT APPARENTLY IT WAS CONSIDERED A REAL POSSIBILITY BUT  
ONLY AFTER A EUROPEAN-BASED COMPANY WAS ON A SOUND FOOTING.  
WHEN ASKED IF THE COMMISSION'S PORPOSALS WOULD EXCLUDE  
A US COMPANY FROM HAVING A MAJORITY INTEREST IN A  
"EUROPEAN" COMPANY HE SAID THAT, ON PROACTICAL GROUNDS, IT  
WOULD BE MOST UNLIKELY THAT A EUROPEAN GROUP WOULD SEEK  
AMERICAN PARTICIPATION ON THAT BASIS.

7. COMMENT: WE NOTE FROM THE REFERENCED INSTRUCTION  
THAT WASHINGTON EXPECTATION THAT "THE COMMISSION WILL  
KEEP US INFORMED OF ITS PLANS IN THIS AREA" AND OUR  
INTENTION TO DISCUSS COMPUTER POLICY FURTHER WITH THE  
COMMISSION AS DEVELOPMENTS REQUIRE. WE BELIEVE THAT,  
IN ORDER TO HAVE A MAXIMUM EFFECT, SPECIFIC US REPRE-  
SENTATIONSRELATED TO INTERNAL EC COMMISSION WORKING PAPERS,  
SUCH AS THE COMPUTER PAPER, MUST BE HANDLED CAREFULLY  
LEST WE PLAY INTO THE HANDS OF THOSE WHO ARE QUICK TO  
CHARGE US INTERVENTION IN INTERNAL COMMUNITY AFFAIRS. WHERE  
EVER POSSIBLE OUR CONSULTATIONS WITH THE COMMUNITY SHOULD  
INVOLVE A TWO-WAY FLOW OF INFORMATION AND POLICY VIEWS SO AS  
TO TAKE ACCOUNT OF EUROPEAN SENSITITIVITIES ABOUT RECIPROCITY  
IN RELATIONS WITH US. WE RECOGNIZE THAT, IN THE PRESENT  
INSTANCE, IT IS THE COMMUNITY HAT IS CONSIDERING DEVELOPMENT  
OF A NEW POLICY THAT WOULD CHANGE THE EXISTING SITUATION  
THEREBY AFFECTING US INTERESTS. AND WE FACE THE DILEMMA  
THAT, UNLESS WE GET OUR VIEWS IN AT THE FORMATIVE STAGE, IT  
IS DIFFICULT OR IMPOSSIBLE TO AFFECT EC POLICIES. GIVEN  
THIS SITUATION,WE BELIEVE IT WILL BE IMPORTANT IN THE FALL  
NOT ONLY TO CONVEY OUR VIEWS ON COMPUTERS PER REFTEL A BUT  
ALSO TO ARRANGE AN IN-DEPTH CONSULTATION WITH THE COMMUNITY  
ON INDUSTRIAL POLICY. THIS WOULD PROVIDE A FRAMEWORK  
AND AN OCCASION FOR DRIVING HOME OUR CONCERNs ABOUT  
THE KIND OF THINKING REFLECTED IN THE COMPUTER PAPER  
WHILE PUTTING THE MATTER IN PERSPECTIVE IN TERMS OF  
OVERALL US-EC INDUSTRIAL AND INVESTMENT RELATIONS.  
AT THE SAME TIME WE COULD SHARE WITH THE COMMISSION WHAT-  
EVER INFORMATION MAY BE AVAILABLE ABOUT US POLICY  
THINKING. WHILE IT IS TOO EARLY TO NAIL DOWN SUCH AN  
INDUSTRIAL POLICY CONSULTATION, THE SOAMES-CASEY MEETINGS  
TENTATIVELY PLANNED FOR OCTOBER 30-31 IN WASHINGTON  
MIGHT PROVIDE THE OCCASION FOR A FIRST-CUT. IF THE  
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COMMISSION IS AGREEABLE, E BELIEVE THAT A SPECIAL CONSULTATION AT THE SENIOR OFFICIAL LEVEL WOULD ALSO BE VERY USEFUL. (GRIERSON HAS IN ANY CASE MENTIONED TO US HIS HOPE TO HAVE TALKS IN WASHINGTON BEFORE THE END OF THE YEAR.)

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